



State Revolving Fund Loan Programs

Drinking Water, Wastewater, Nonpoint Source

PROGRAM UPDATE

January 2004

Welcome to Indiana's SRF Newsletter!

Indiana's SRF Programs had an exciting year in 2003! We combined our financial and technical review staffs to streamline our services. We adopted a new interest rate policy to better track market conditions and assure below market interest rate loans. We also implemented a new non-point source financing program, enabling communities to prevent nonpoint source pollution in their waterways. These are but a few of the program enhancements now available or in the process of being introduced. This issue of our *SRF Program Update* will focus on the SRF Program's new interest rate policy. We hope to continue providing you with details of programmatic changes through future issues of this newsletter. We look forward to working with you to continue improving the quality of life for Hoosiers through Indiana's wastewater and drinking water systems.

Jim McGoff, Executive Director
Indiana SRF Programs

New Interest Rate Policy

Indiana's Wastewater and Drinking Water Revolving Fund Loan Programs (SRF Programs), are pleased to announce the adoption of a new interest rate policy. Approved by the State Board of Finance in October 2003, interest rates on loans through the SRF Programs will use a Base SRF Program Interest Rate, which will be re-set on the first business day of each January, April, July and October.

The Base Rate will be calculated by using 90 percent of the average 20-year AAA-rated, general obligation bond Municipal Market Data ("MMD") composite index for the most recent calendar month. The Base Rate is then discounted further based upon a borrower's Median Household Income (MHI) from 2000 Census data and projected user rates.

Below are the current SRF Program interest rates effective January 1, 2004 through March 31, 2004. The interest rates vary based on three ranges of average monthly user rates for an equivalent dwelling unit (User Rates) within each of the three existing MHI tiers, creating nine possible interest rates.

Wastewater SRF Interest Rates	User Rates (Over \$50)	User Rates (\$30 to \$50)	User Rates (Under \$30)
Tier III (MHI: under \$33,669)	2.77%	3.02%	3.52%
Tier II (MHI: \$33,669 to \$41,567)	3.02%	3.27%	3.77%
Tier I (MHI: over \$41,567)	3.27%	3.52%	4.02%
Drinking Water SRF Interest Rates	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III (MHI: under \$33,669)	2.77%	3.02%	3.52%
Tier II (MHI: \$33,669 to \$41,567)	3.02%	3.27%	3.77%
Tier I (MHI: over \$41,567)	3.27%	3.52%	4.02%

In addition, each of the above rates may be further reduced by up to .50% if a nonpoint source project is financed along with a point source wastewater or drinking water project.

To subsidize a portion of the SRF Program's increasing trustee expenses, borrowers will also be assessed a \$1000 closing fee. The closing fee may be waived for those borrowers electing to open retainage escrow and debt service reserve accounts with the SRF Program's trustee. By opening such accounts, SRF Program expenses associated with the tracking of funds to be held within these accounts will be reduced.

A semi-annual one percent (1%) non-use fee may also be assessed for any funds not drawn down for project purposes beginning two years after the closing of the community's SRF Program loan. Communities are strongly encouraged to delay their SRF Program Loan closing until a date that will ensure project completion within two years after the SRF Program loan closing.

Please note our change in address:

State Revolving Fund Loan Program
100 N. Senate Ave., Rm. 1275
Indianapolis, IN 46204
Fax: (317) 234-1338
www.SRF.IN.gov

Contact Information:

Jim McGoff, Executive Director	(317) 234-2916
Marylou Renshaw, Mgr. Technical Review	(317) 232-8655
Rich Emery, Financial Resource Mgr.	(317) 232-0759
Matt Martin, Finance Mgr.	(317) 234-1278
Arthur Carter, Wastewater Administrator	(317) 233-2474
Cortney Stover, Drinking Water Administrator	(317) 232-8663
Shelley Love, Disbursement Coordinator	(317) 232-4396
Doris Roberson, Bidding Coordinator	(317) 234-1266

SFY 2005 SRF Applications Available!

New applications and guidelines for both the DWSRF and WWSRF are now available online at our website, www.SRF.IN.gov. The applications are due to the designated program administrator (see left) by April 1, 2004 to be listed and ranked on the State Fiscal Year (SFY) 2005 Project Priority List (PPL). Projects must appear on the PPL to be eligible for SRF financing.

Applications will also be accepted after April 1, 2004 to be listed on the SFY 2005 PPL, but they will not be ranked until SFY 2006.

**State Revolving Fund
Loan Programs
Drinking Water, Wastewater,
Nonpoint Source**



**State Revolving Fund Loan Programs
100 N. Senate Ave., Rm. 1275
Indianapolis, IN 46204**